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C O N F I D E N T I A L SECTION 01 OF 02 MOSCOW 002159

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TAGS: [ETRD](#) [EAGR](#) [ECON](#) [WTO](#) [KIPR](#) [RS](#)
SUBJECT: RUSSIA: AMBASSADOR'S MAY 8 MEETING WITH MINISTER
OF ECONOMIC DEVELOPMENT AND TRADE GERMAN GREF

REF: A. MOSCOW 1928
[1](#)B. ST. PETERSBURG 94

Classified By: Ambassador William Burns for Reasons 1.5 (b) and (d).

[1](#)1. (C) Summary: In a May 8 meeting with Ambassador, Minister of Economic Development and Trade German Gref confirmed plans to travel to the U.S. later this year, expressed hope that high-level representatives from USTR, Commerce and/or Treasury would attend the June 2007 St. Petersburg Economic Forum, undertook to press Agriculture Minister Gordeyev on outstanding bilateral issues related to U.S. beef plant inspections and agriculture, hoped to resolve key trade irritants with the European Union by late May, expressed thanks for USTR Schwab's recent phone call, and raised Russian aspirations to start OECD accession talks. Ambassador pressed on IPR, urging that the Russian delegation to this month's bilateral IPR Working Group explain efforts to meet IPR Side Letter commitments, conveyed PriceWaterhouseCoopers' appreciation for extension of its license to operate in Russia, asked for Gref's support in advocating a proposed meeting of U.S. and Russian CEOs with Putin on the margins of the St. Petersburg Economic Forum, and highlighted International Paper's board meeting in Moscow and pending joint venture with Ilim Pulp. End summary.

Gref Visit to U.S.

[1](#)2. (C) In a May 8 meeting, Ambassador conveyed to Minister of Economic Development and Trade (MEDT) German Gref that Commerce Secretary Gutierrez would welcome a Gref visit to the U.S. later this year. Gref responded that he will work with Commerce and the Embassy when his schedule eases up in June to determine dates convenient for all.

St. Petersburg Economic Forum

[1](#)3. (C) Ambassador conveyed that we are still waiting for word on possible participation by high-level officials from Commerce and Treasury in the June 8-10 St. Petersburg Economic Forum. Gref expressed interest in attendance by USTR Schwab. Ambassador relayed that a number of U.S. CEOs planned to come, and conveyed interest on the part of a small group of U.S. and Russian CEOs in meeting with President Putin on the margins of the Forum to discuss issues related

to Russia's efforts to accede to the World Trade Organization (WTO). Gref said he would try to raise this request with Putin. Gref reported that preparations for this year's Forum are going well, and are much more sophisticated than last year's harried organization. He confirmed that his ministry is cooperating with World Economic Forum (WEF) officials to set up several roundtables, and that the WEF was providing some overall technical assistance.

WTO/IPR

14. (C) Ambassador thanked Gref for his participation in the April 17 IPR roundtable at Spaso House on protecting Russia's music industry (ref A). He noted recent enforcement measures taken against pirates in St. Petersburg (ref b), and urged that the Russian delegation to the May 18-21 IPR Working Group meeting in Washington explain in detail concrete steps taken to fulfill IPR side letter commitments, including increased enforcement actions.

15. (C) Ambassador also highlighted the need to arrange quickly a conversation between USTR's Chief Agriculture Negotiator Ambassador Crowder and Russian Agriculture Ministry Head of Department Dr. Rozhdestvenskiy so the two can agree on a checklist and schedule for Russian veterinarians to inspect U.S. beef processing facilities. Gref replied that while Agriculture Minister Gordeyev was currently on vacation, the two plan to meet next week and Gref will "give a nudge" to Gordeyev on the need to resolve this issue. Ambassador said that would be very helpful, again stressing the importance to get moving on Russia's agricultural commitments.

16. (C) Gref expressed appreciation for USTR Schwab's recent call, which clarified the U.S. Administration's positions

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vis-a-vis Russian efforts to accede to the WTO and efforts to lift the Jackson-Vanik amendment. He said that he had disseminated to "all quarters" of the GOR his assessment that the Russian media reporting of USTR Schwab's public remarks on those subjects was "slapdash" and poorly conveyed.

17. (C) In response to a question about the May 17-18 Russia-EU Summit, Gref acknowledged that, while there will be no WTO-related negotiations in the absence of Commissioner Mandelson, there are two outstanding trade-related questions to be resolved (Note: while he was not specific, we assume Gref was referring to disputes over the Russian ban on imports of meat from Poland and export duties, including on timber.) Gref said that while final solutions had not yet been reached, Russia and the EU were involved in "proactive negotiations," and he hoped the two key issues would be resolved by the end of May. He contrasted the tenor of Russia's discussions with the EU and those with the U.S., but acknowledged the need for further bilateral work with the U.S. to "hammer out remaining issues." He specifically mentioned beef and other agricultural issues, and repeated his intention to encourage Minister Gordeyev to be "predisposed to a positive approach."

U.S. Company Advocacy

18. (C) Ambassador raised to Gref's attention International Paper's (IP) board meeting in Moscow this week, commenting that the presence of the company's board members sent a positive signal about the impending IP joint venture with Russian company Ilim Pulp.

19. (C) Ambassador expressed appreciation on behalf of PriceWaterhouseCoopers (PWC) for extension of its license to operate in Russia and noted that PWC continues to cooperate with the Ministry of Finance on outstanding questions related to investigations of PWC's accounting methods and tax practices. Gref confirmed conversations with Finance Minister Kudrin and the Chair of the Federal Arbitration

Court on the PWC issue, and thought they both understood the ramifications of proceedings against PWC.

OECD

¶10. (C) Prompted by MEDT's lead WTO negotiator Maksim Medvedkov, Gref raised the pending decision by OECD Ministers at their May 15-16 meeting in Paris whether to open accession negotiations with Russia. Ambassador reiterated the U.S. position as expressed by the U.S. representative at the April 19-20 OECD Executive Committee meeting. Gref said he understood that the UK and Canada were still undecided. He observed that current deliberations were only about kicking off the negotiating process, and anticipated future "clear cut and normal" negotiations with OECD on Russian accession.

¶11. Comment: Gref was clearly appreciative of USTR Schwab's efforts to reiterate the U.S. position vis-a-vis Russia's WTO accession and Jackson-Vanik, and anxious to have Ambassador Schwab and other high-level USG officials attend the St. Petersburg Economic Forum. Noteworthy was Gref's characterization of U.S.-Russia WTO talks as going relatively smoothly, in contrast to contentious discussions with the EU.
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